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I. THE RETIREMENT AND DISABILITY FUND

1. What is the Retirement and Disability Fund?

It is the accumulation of money held in trust for the purpose of paying annuity, refund, and death benefits to persons entitled to them.

2. From what sources is money for the Fund derived?

It comes from five main sources: (1) deductions from the salaries of participants in the System; (2) Agency contributions in amounts which match the participants' deductions; (3) transfer from the Civil Service Commission of monies to participants' credit in the Civil Service Fund upon their designation as participants in the System; (4) interest earned through the investment of money from the foregoing three sources; and (5) annual appropriations from the U.S. Government to maintain the System on a sound financial basis.

3. How is the money in the Fund invested?

The Director of the Fund may, with the approval of the Secretary of the Treasury, invest in interest bearing securities of the United States such portions of the Fund as are not immediately required for the payment of annuities, cash benefits, refunds and allowances.

4. How much is deducted from the salary of participants in the System?

Seven percent (7%) of the basic salary. Such deductions are compulsory and are made automatically by payroll deductions from regular salary.

5. What is meant by basic salary?

Basic salary is the basic pay or compensation set by law or regulation for the grade and step of the individual. It does not include overtime pay, military pay, cash awards, holiday pay, special allowances and post differentials, or other compensation given in addition to the participant's basic pay. It does include periodic salary increases, and quality step increases.

6. How is the Agency's contribution to the Fund made?

From the appropriations used for the payment of the participant's salary a sum equal to the compulsory contribution made by each participant (7%) is contributed by the Agency.

7. May a participant pay money other than the compulsory contributions from salary (payroll deductions) into the Fund?

YES. A participant may pay to cover periods of prior creditable Federal civilian service for which no deductions were made or for periods of prior civilian service for which he/she received a refund. (See Questions in Section III.) In addition, the Retirement Act provides for voluntary contributions. Anyone desiring further information regarding voluntary contributions should contact the Retirement Affairs Division for details.

II. MEMBERSHIP

8. Does an individual automatically become a participant in the System by virtue of service with the Agency?

NO.

9. What conditions must be fulfilled in order for an employee to qualify for designation as a participant in the System?

The following prerequisites must be met in order to qualify for designation as a participant: (a) Be a U.S. citizen; (b) Be at least 25 years of age but not have reached the 60th birthday; (c) Have signed a written obligation to serve anywhere at any time according to the needs of the Agency; (d) Be serving on a career basis in a field which normally requires the performance of qualifying service as an integral part of a career in that field; and (e) Have performed a minimum of 60 months of qualifying service.

10. What constitutes "qualifying service"?

Qualifying service is duty as an employee: (a) Outside the United States, Puerto Rico, the Virgin Islands and Guam; (b) In support of Agency activities abroad requiring a substantial risk to life or health; (c) Which requires the continued practice of tradecraft under conditions of the most stringent security for the purpose of maintaining personal cover in support of Agency activities; or (d) Which, when retirement is imminent, is adjudged to have been so sensitive or so specialized that security requirements forbid disclosure of this duty and that as a result, it is unlikely the employee will be able to obtain employment for which he/she is otherwise qualified.

11. What is the status of those employees who are currently participants in the System, but who have not yet completed 60 months of qualifying service?

These participants will be allowed to remain in the System until their next scheduled anniversary review (10 or 15 years of Agency service), at which time their records will be reviewed to ensure that they have completed 60 months of qualifying service. If it is determined that the requisite period of qualifying service has not been performed, an employee's designation as a participant will be rescinded. (See Question No. 14.)

12. May a participant acquire permanent status in the System?

YES. Any participant whose career, after 15 years of Agency service is adjudged to qualify for the System may elect to remain a participant in the System for the duration of his/her employment and such election will be irrevocable.

NO. An employee may be considered for designation at any time during his/her career provided he/she meets all the criteria for designation specified in the answer to Question No. 9.

14. May a former participant again be considered for designation?

YES, at such time as he/she meets all the criteria specified in the answer to Question No. 9.

15. May an employee who, at the time of his/her 15 year election chooses not to enter the System or who elects to leave the System, later become a participant?

NO. The election made at the 15 year point is irrevocable. When a participant faces the need to make this election he/she will be furnished with complete details of his/her equities in both the CIA and Civil Service Retirement Systems so that he/she can make a fully informed decision.

16. May persons in the military service of the United States be participants in the System?

NO, but a participant in the System who leaves Agency service to enter the Armed Forces for active duty during the period of any war or of any national emergency as proclaimed by the President or declared by Congress, shall not lose his/her status as a participant provided he/she leaves his/her contributions in the Fund.

III. CREDITING OF CIVILIAN SERVICE

17. What types of civilian service are creditable for retirement purposes under the System?

Credit is given for all service performed as an employee of the Federal Government or the District of Columbia Government. (See Questions No. 20 and 21.)

18. Must the service involved be consecutive, or may separate periods of service be counted?

Service is creditable, regardless of breaks in employment.

19. May periods of separation from service be counted?

NO, except that any separation of 3 calendar days or less or that part of the period of separation for which the individual received benefits under the Federal Employees Compensation Act is not considered a break in service.

20. May credit be allowed for periods of service during which no retirement deductions were made?

YES, all such service is creditable. If, however, the deposit is not paid for such periods, the annuity will be reduced by 10% per year of the amount due at time of retirement. EXAMPLE: A person had a period of service during which no deductions were made from his/her salary for retirement purposes. At time of retirement, a total of \$1,200.00 is determined as the amount due to cover that service. If the employee does not pay the \$1,200.00, his/her annuity will be reduced \$120.00 per year, or \$10.00 per month. The period of time is still used, however, to compute his/her total service. This is referred to as *deposit* time.

21. May credit be allowed for service for which a refund of retirement deductions was made (i.e., the employee separated from the service and withdrew his/her contributions)?

Such service will be credited for determining eligibility for retirement, but unless the contributions that were withdrawn are paid back into the Fund, the time will not count for annuity computation. This is called *redeposit* time. EXAMPLE: A person served three years, resigned and withdrew contributions totaling \$1,200.00. If he/she does not repay the \$1,200.00 (plus any accrued interest), the three years will not be counted when computing his/her total service for annuity purposes. The three years will, however, count towards the length of service required to establish eligibility for retirement.

22. How is the amount required to cover deposit or redeposit (See Question No. 20 and 21 above) determined?

The amount is made up of the regular deductions that were made or would have been made from salary for the period in question, plus accrued interest if any. The following table shows the past and present rates of deductions from salary:

	FROM	To	PERCENT
(a)	1 August 1920	30 June 1926	2½%
	1 July 1926	30 June 1942	3½%
	1 July 1942	30 June 1948	5%
	1 July 1948	31 October 1956	6%
	1 November 1956	31 December 1969	6½%
	1 January 1970	Present	7%

- (b) In addition, interest will be charged at these rates: At the rate of 4% to 31 December 1947, and 3% thereafter, compounded annually except that no interest is charged for a period of separation which began prior to 1 October 1956. Interest is charged for periods of separation which began on or after October 1, 1956, as well as for periods of employment.

23. Is it to a participant's advantage to make the deposit?

This question cannot be answered by a simple "YES" or "NO". There are good reasons for making it, and there are good reasons for not making it. The same arguments, however, do not necessarily apply in each individual case. It is a personal matter which each participant must decide, just as he/she would in making any other investment of money for the future benefit of self and family. Here are some factors that should help a participant to make the best decision:

(a) If the deposit is made, the retiring participant and the widow (or widower) who may qualify for annuity after the participant's death will receive the maximum annuity payable based on his/her total years of service. However, if the deposit is small enough, it is possible that it will provide no increase because of the requirement that the final monthly rate be adjusted to the nearest dollar. For example, a deposit of \$500.00 will give the retiring participant an increase in round figures of only \$4.00 a month. A surviving widow's or widower's annuity will be increased by only \$2.00 a month. A deposit amounting to \$60.00 or less will in many instances, result in no increase in the annuity of a retiring employee.

(b) The amount paid in as a deposit becomes a part of the participant's retirement account. It is frozen in the retirement fund and may not be withdrawn unless he/she is separated and can meet the requirements for payment of refund. If he/she dies in service and there are no survivors entitled to annuity, the entire amount credited to his/her account is payable to the designated beneficiary or next of kin.

(c) The value of a deposit as an investment depends on the length of life after annuity begins. While the span of life is an unknown factor, experience

indicates that the average person who relies for life expectancy as follows:

AGE	LIFE EXPECTANCY	
	MEN	WOMEN
	Years	Years
55	21	26
60	17	22
62	16	21
65	14	18
70	11	14

Thus, in the average case, the annuitant will live long enough, i.e. 10 years, to get his/her investment back in the form of the increased annuity, and he/she will continue to benefit from this increase for the remainder of his/her life. Also, upon his/her death, a widow (or widower) entitled to annuity will receive the benefit of the deposit in the increased annuity. Making a deposit can, however, be a losing proposition. This is possible because—

- (1) A deposit becomes a part of the annuitant's retirement account.
- (2) All annuity payments are charged against this account. It now takes between 1 and 3 years of annuity payments to an annuitant to exhaust his/her account.
- (3) If all annuity payments terminate before the account is exhausted, the balance of the account is payable in a lump sum.
- (4) It takes 10 years for the annuitant to get back the amount of his/her deposit in the form of increased annuity payments.
- (5) The deposit is a losing investment if all annuity terminates after the retirement account is exhausted but before the amount of the deposit has been returned as increased annuity.

(d) The longer the payment is delayed, the higher the amount will be because of the accrual of interest. However, if the deposit is not made until time of retirement, the participant will have had the use of the money during the interim. And, if the participant should die before retiring, the widow (or widower) may make the deposit and receive the maximum survivor annuity.

24. Is it to the participant's advantage to make the redeposit?

Generally, yes. Usually a redeposit should be made because otherwise the participant will receive no credit at all in the computation of his/her annuity for the time covered by the refund. If the participant retires on account of disability and is entitled to the guaranteed minimum formula for computing annuities (See Question No. 104), failure to make the redeposit would not affect the annuity; similarly, the survivor annuity payable to a child would not be affected. Should the participant die before retirement, the spouse may make the redeposit and receive the maximum survivor annuity. *Important Note as regards Questions No. 23 and 24:* There is another factor that should be considered. The maximum annuity that can be earned

including the effect of adding unused sick leave. (See Questions No. 99 and 102.) There could, therefore, be instances in which the payment of a deposit or redeposit to cover additional creditable service would not increase the annuity; that is, service in excess of 35 years would not be used in computing the annuity. Participants who believe they might be in such circumstances are invited to discuss their situation with a representative of the Retirement Affairs Division.

25. When must the deposit or redeposit be made to the Fund to cover prior service?

The contribution must be made to the Fund prior to retirement.

26. Does the date of payment affect the amount of the deposit or redeposit?

YES. The longer payment is delayed, the higher it will be because of the accrual of interest.

27. How may the deposit or redeposit be made?

An application to purchase service credit may be made to the Retirement Affairs Division. The participant will be informed of the amount required to purchase previous service credit, payment of which may be made by check in a lump sum or installments, or by payroll allotments in multiples of \$25.00 per bi-weekly pay period.

28. In case of death of a participant, may a survivor entitled to annuity benefits make a deposit or redeposit?

YES.

29. Is credit allowed for leave without pay?

Credit is given without deposit to the Fund for so much of leave without pay as does not exceed six months in any calendar year.

30. Is there any exception to this rule?

YES. If the employee is carried on leave without pay while receiving benefits under the Federal Employees' Compensation Act or while serving with the Armed Forces under circumstances described in the answer to Question No. 16, the allowable period is creditable without deposit to the Fund.

IV. CREDITING OF MILITARY SERVICE

31. What does the term "military service" cover?

Service in the Army, Navy, Air Force, Marine Corps, and Coast Guard including the Service Academies, and active and honorable service in the Regular or Reserve Corps of the Public Health Service after June 30, 1960, or as a commissioned officer of the National Oceanic and Atmospheric Administration after June 30, 1961.

32. Is military service creditable for retirement under the System?

YES, provided it was active service, was terminated under honorable conditions, and performed before separation from a civilian position under the System. Military service for which military retired pay has been awarded may not be creditable under the System except as explained in Questions No. 34 and 35 following.

33. Are periods of lost time (for example, AWOL, confinement, etc.) creditable as active military service?

NO. All such time must be deducted from the total period of military service.

34. Does the receipt of a pension or compensation under laws administered by the Veterans' Administration bar the crediting of military service?

NO. Regardless of the length of time on which the pension or compensation is based, or the reason for its allowance, full credit is given for the military service.

35. Does the receipt of military retired pay bar the crediting of military service?

YES, unless the retired pay is:

(a) Based on a disability incurred in combat with an enemy of the United States or caused by an instrument of war and incurred in the line of duty during a period of war; or

(b) Granted under the provisions of Chapter 67, Title 10, U.S. Code (formerly Title III of Public Law 80-910).

36. What is Chapter 67, Title 10, U.S. Code?

It is a provision granting retired pay to members of reserve components of the Armed Forces on the basis of service instead of disability. The basic requirement is the attainment of age 60 with the completion of 20 years satisfactory service.

38. Is it possible to receive military retired pay and an annuity from the System simultaneously, based on the same period of military service?

YES, but only under the conditions outlined in Question No. 35. Only the portion of military service which was in active status, however, may be credited toward retirement under the System.

39. May military retired pay awarded for other periods of military service be waived so that military service may be credited under the System?

YES. Because of Social Security coverage of the military, however, which began 1 January 1957, waiver of military retired pay may not be to the advantage of a participant. The Retirement Affairs Division should be consulted before such a waiver is initiated. *Important Note:* The references to Social Security in Questions No. 40 through 46 pertain solely to coverage under Social Security based on military service. This springs from the requirement to disallow more than one Federal benefit based on the same period of Federal service. Social Security benefits based on non-federal employment have no effect on annuities under the System.

40. Does receipt of Social Security benefits bar credit for military service?

Receipt of Social Security benefits has no effect on granting credit for military service performed before 1 January 1957, but use of such military service for credit under the retirement system will bar its use for Social Security wage credits. Military service (except while on military leave with pay from a civilian position) performed on or after 1 January 1957, may not be credited toward retirement if the participant or the widow or widower or child receives or is eligible to receive monthly old age or survivors' Social Security benefits. (See Questions No. 41, 42, and 43.)

41. May military service be credited toward retirement rather than toward Social Security?

Credit will automatically be given under the System for military service performed before 1 January 1957. Credit may be given under the System for military service performed on or after 1 January 1957 if the participant is not eligible for Social Security. (See Questions No. 42 and 43.)

42. When is a participant eligible for Social Security so as to disqualify him/her from receiving credit toward retirement for military service performed on or after 1 January 1957?

If a participant has earned sufficient credits to qualify for Social Security, he/she will be eligible to draw such benefits at age 62. At that age, he/she is considered eligible for Social Security even though he/she does not apply for it or, having applied,

43. If a participant retires before becoming eligible for Social Security benefits, may he/she receive credit toward retirement for military service performed on or after 1 January 1957?

YES. Credit for the military service will be allowed during the time he/she is not eligible for Social Security benefits. If he/she becomes eligible for Social Security benefits after retirement, the annuity will at that time be recomputed to exclude credit for the military service. Such exclusion will result in a reduction in the annuity under the System.

44. What choice does a participant's widow (or widower) have between crediting military service toward retirement or toward Social Security?

She/he has no choice with regard to military service performed on or after 1 January 1957; if eligible for Social Security, then military service cannot be credited under the System. With regard to military service before 1 January 1957, there is a choice; one can choose to have the military service used under the System or credited toward the Social Security benefits.

45. What is the effect of an election by a widow (or widower) to credit military service performed before 1 January 1957 toward Social Security rather than using it for retirement, and vice versa?

If the widow (or widower) elects to credit such military service toward Social Security she/he cannot receive any survivor annuity under the System. If she/he elects to use the military service for retirement, she/he may still be eligible to receive Social Security if there is sufficient other covered employment, but no credit for such military service will be allowed in computing the amount of the Social Security benefit.

46. When would it be to the advantage of a widow (or widower) to use military service before 1 January 1957, for retirement and receive a survivor annuity?

This depends on the circumstances in the individual case. Since an election to use military service for retirement cannot be changed, the person should get statements from the nearest Social Security office and from the Retirement Affairs Division as to exactly what benefits would be payable. She/he can then compare the benefits and choose the one which is more advantageous.

47. Is a deposit required for military service?

NO.

48. Is military service creditable if it is performed after final separation from the Agency?

NO. Such service may be credited only if the individual again becomes a member of the System.

49. May an employee receive credit for service with the National Guard?

The service is creditable only when the Guard, or unit thereof, is actually mustered into, or activated in, or "Federalized" into the U.S. Army or Air Force. Training periods or service performed for a State government, as when the National Guard is called for duty by the Governor of a State, are not creditable.

V. ELIGIBILITY FOR RETIREMENT

50. How many kinds of retirement are provided for in the System?

Five. They are: Voluntary, Involuntary, Mandatory, Disability, and Deferred retirement.

51. Is there a minimum amount of civilian service required for retirement?

YES. Five years of civilian service are required before annuity benefits may be paid to a retiree.

52. Is there a mandatory retirement age under the System?

YES. Participants, GS-17 and below, are subject to mandatory retirement upon reaching age 60. Mandatory retirement for participants in grade GS-18 and above is age 65.

53. May the service of participants be extended beyond the normal mandatory age?

YES. Whenever it is determined to be in the public interest, the Director may extend the service of an employee for a period not to exceed five years.

54. When does the annuity begin for a participant who has retired and who is eligible for an immediate annuity?

An immediate annuity begins the day after the date of retirement or, in the case of disability retirement on the day after the day on which salary ceases.

55. Under what conditions may a participant retire for disability?

Any participant who has five years of civilian service credit toward retirement under the System and who becomes disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance or willful misconduct on the participant's part may be retired on an immediate annuity.

56. Who determines whether or not a participant is disabled so as to qualify for annuity?

Such determination will be made by the Director of Personnel based on the advice of the Board of Medical Examiners. (See also Question No. 63).

57. What determination may be made once disability retirement has been approved?

Unless disability is determined to be permanent at the time of retirement, annual medical examinations are required until the disability is determined to be permanent or until the annuitant has recovered or has reached mandatory retirement age.

58. Must the annuitant pay for these medical examinations?

NO. Costs of these examinations, including reasonable travel and other expense incurred in order to submit to examinations, are paid out of the Fund.

59. What happens if the annuitant recovers from the disability for which he/she is retired?

If it is determined that an annuitant has recovered to the extent the annuitant can return to duty, payment of the annuity will continue until a date one year after the date of the examination showing recovery or until the date of return to Federal service, whichever is earlier. If the annuitant does not return to Federal service he/she is eligible for one of the following:

(a) Deferred annuity, beginning at age 62. (See Question 71.)

(b) Change in status to voluntary retirement if the annuitant is age 50 and was otherwise qualified for voluntary retirement as of the date when retired for disability. (See Question No. 69.)

(c) Change in status to involuntary retirement if the annuitant is less than age 50 and was otherwise qualified for involuntary retirement as of the date when retired for disability. (See Question No. 70.)

60. Is reinstatement in the Federal Service automatic upon recovery from disability?

NO. The individual must locate a position by his/her own efforts.

61. What happens when an annuitant fails to submit to examination as required?

Payment of annuity will be suspended until continuance of the disability is satisfactorily established.

62. Must an annuitant who is determined to be recovered repay any of the disability annuity received in order to qualify for reinstatement or reappointment or for an annuity at some future time?

NO.

63. Who may initiate retirement action for disability?

A request for disability retirement may be initiated by any participant who is of the opinion that he/she may be eligible for retirement because of disability. The

64. May a former employee apply for disability benefits?

YES. A former employee who separated or retired on non-disability may apply for disability retirement, but such application must be filed within one year from the date of separation or retirement from the Agency. This time limitation may be waived if the participant is mentally incompetent at the time of separation or becomes so within one year thereafter.

65. Is an annuitant who retired for disability required to submit information regarding his/her other income?

YES. Each disability annuitant under age 60 is required to file a written Report of Income with the Agency on an annual basis to determine if the annuitant has been restored to earning capacity. Failure to file this report will result in suspension of the disability annuity payment.

66. What constitutes restoration to earning capacity?

Earning capacity is deemed restored if, in each of two consecutive years, the income of an annuitant from wages or self-employment, or both, equals at least 80% of the current rate of compensation of the position occupied immediately prior to retirement.

67. What effect does restoration to earning capacity have on an annuity?

When an annuitant is found restored to earning capacity the annuity payment stops one year from the end of the year in which earning capacity is restored. If the earnings fall below 80% the disability annuity may be reinstated.

68. Is an annuitant who is found to be restored to earning capacity eligible to receive an annuity under any other provision?

YES. A disabled annuitant who is found to have been restored to earning capacity is eligible for one of the following:

(a) Change in status to voluntary retirement if the annuitant is age 50 and was otherwise qualified for voluntary retirement as of the date when retired for disability. (See Question No. 69.)

(b) Change in status to involuntary retirement if the annuitant is less than age 50 and was otherwise qualified for involuntary retirement as of the date when retired for disability. (See Question No. 70.)

(c) Deferred annuity, beginning at age 62. (See Question No. 71.)

69. Who is eligible to apply for voluntary retirement?

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Any participant who reaches age 50 with 20 years of creditable Federal service, 10 years of Agency service and 5 years of qualifying service is eligible to retire voluntarily, with the approval of the Director.

70. Who may be involuntarily retired?

The Director may place in a retired status any participant who has completed at least 25 years of service, or who is at least age 50 and has completed at least 20 years of service, provided that in either case such participant has not fewer than 10 years of service with the Agency of which at least 5 years shall have been qualifying service.

71. Who is eligible for a deferred annuity?

Any participant who, after completing at least 5 years of creditable civilian service voluntarily separates or is separated for cause (other than that determined to be based in whole or in part on the grounds of disloyalty to the United States) and who leaves his/her contributions in the Fund, may elect to receive a deferred annuity upon reaching age 62.

72. When does a deferred annuity begin?

It begins on the separated participant's 62nd birthday.

73. What happens if a separated participant, entitled to a deferred annuity, dies before reaching age 62?

The participant's contributions to the Fund, with any accrued interest, shall be paid to the designated beneficiary, or in the absence of a designated beneficiary, as prescribed in Question No. 131.

VI. TYPES OF ANNUITIES

74. How many types of annuities may be elected under the System?

Three: (1) full annuity, (2) reduced annuity with benefit to surviving spouse, and (3) reduced annuity with benefit to a surviving beneficiary (a person having an insurable interest) designated by an unmarried participant. An insurable interest is presumed to exist if the person named has a reasonable expectation of pecuniary benefit in the continuance of the life of the participant. Generally, it is any close relative. If a person other than a close relative is named, proof of insurable interest may be required.

75. What is a full annuity?

It is an annuity elected by the participant who makes no provision for a survivor benefit.

76. What is a reduced annuity?

It is an annuity in which the participant takes a reduction from the full annuity in order to provide a benefit for a survivor. The participant names the spouse or, in the case of an unmarried participant, a designated beneficiary to receive a survivor annuity.

77. Who may elect a reduced annuity with benefit to a spouse?

Any participant, including one who is eligible to receive a deferred annuity at age 62, may choose this type of annuity if married at the time the annuity is scheduled to begin.

78. Must a married participant provide for benefit to a spouse?

NO. However, if the participant elects not to provide for a survivor annuity, the participant must so state in writing to the Director of Central Intelligence. N.B. If there is no survivor annuity, the survivor cannot be covered by health/hospitalization insurance. (See Question No. 164.)

79. When does the survivor annuity begin?

It commences on the day following the annuitant's death.

80. If the designated spouse predeceases or is divorced from the annuitant and the annuitant later remarries, can the new spouse qualify for the survivor annuity?

YES. The spouse acquired after retirement is substituted for the one designated at the time of retirement and the amount of annuity is the same as would have been payable to the spouse designated at the time of retirement, provided that the marriage was in effect for at least one year immediately preceding the death of the annuitant, or the spouse is the parent of a child by marriage to the annuitant. (See Question No. 116.)

- 81. May an annuitant who was unmarried at the time of retirement change the earlier election to provide a survivor benefit for a spouse acquired after the date of retirement?**

YES. Such a post-retirement election must be in writing, signed by the annuitant, and received by the Retirement Affairs Division within one year from the date of the post-retirement marriage. (See Question No. 116.)

- 82. What effect will this action (Question No. 81) have on the current annuity?**

The current annuity will be recomputed and appropriately reduced to provide for survivor benefits. The reduced annuity is effective the first day of the month after the election is received.

- 83. If the marriage of an annuitant is dissolved by death, divorce or annulment, what effect does this have on the annuity during the period while the annuitant is unmarried?**

An annuitant is entitled to receive an annuity without reduction for those months during which the annuitant is not married. The annuity is recomputed to eliminate the reduction for survivor benefit beginning with the month following the month in which the marriage was dissolved.

- 84. If an annuitant whose annuity has been recomputed to eliminate the reduction for survivor benefit should remarry, what effect will this have on the annuity?**

The annuitant can not elect to continue a single-life or unreduced annuity. Upon remarriage, the reduction is restored beginning the first day of the month in which the marriage occurred and is not dependent upon receipt of appropriate or timely notice from the annuitant.

- 85. Under what circumstances may a survivor annuity to a spouse be terminated?**

(a) Upon the death of the spouse or (b) upon remarriage of the surviving spouse if the remarriage occurs prior to age 60.

- 86. How much survivor annuity does the surviving spouse receive?**

The annuity payable to the surviving spouse is 55% of the amount specified by the participant as the base for survivor benefits.

That depends on how much of the annuity is used as a base for the survivor annuity. The reduction is 2½% of the first \$3,600.00 chosen as a base plus 10% of any amount over \$3,600.00. For example, assuming the full annuity is \$10,000.00, if the retiring employee chooses \$1,000.00 as the base, the reduction in the annuity would be 2½% of \$1,000.00 or \$25.00 per year, and the survivor would receive \$550.00 per annum. If the retiring employee chooses \$3,600.00 as a base, the reduction would be 2½% of \$3,600.00 or \$90.00 a year and the survivor would receive \$1,980.00 per annum. If the retiring employee chooses \$10,000.00 as a base, the reduction in the annuity would be 2½% of the first \$3,600.00 (\$90.00 a year) plus 10% of the \$6,400.00 balance (\$640.00 a year) for a total reduction of \$730.00 a year from the full annuity and the survivor would receive \$5,500.00 per annum.

88. Does the age of the spouse who is named as survivor annuitant affect the rate of annuity?

NO.

89. Must a participant be married for a specific number of years in order to be able to name a spouse as a survivor beneficiary?

NO. The participant must be married at the time of retirement, or in the case of a deferred annuity, the person must be married when the deferred annuity is scheduled to begin.

90. Is there any provision for a survivor annuity to a child or to children?

YES. Each eligible child automatically receives an annuity. (See Questions No. 120, 121, 122, and 123.)

91. How much survivor annuity will an eligible child or children receive?

Since these benefits change as cost-of-living increases to annuities take effect or whenever public law sets new amounts, exact dollar amounts are not given here. The precise amounts in effect at any time may be obtained from the Retirement Affairs Division.

92. Who may elect a reduced annuity to provide a survivor benefit to a person other than a spouse?

At the time of retirement an unmarried participant who has satisfactorily passed a physical examination may elect to receive a reduced annuity to provide a survivor benefit to a beneficiary designated in writing to the Director of Personnel. The beneficiary so designated must be a person having an insurable interest in the participant. (See Question No. 74.)

93. When does the annuity of a designated beneficiary with insurable interest begin?
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It begins on the day after the annuitant dies and continues for the life of the beneficiary.

94. How much annuity will a designated beneficiary with insurable interest receive?

55% of the *reduced* annuity payable to the participant.

95. If a retiring participant elects to provide an annuity for a designated beneficiary with an insurable interest, how much is the annuity reduced?

It is reduced by 10% plus 5% for each full five years the person designated is younger than the participant, but such total reduction shall not exceed 40%. The following table illustrates the reductions:

Age of Person Named In Relation to that of Retiring Participant	Reduction in Annuity of Retiring Participant
Older, same age, or less than five years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years	40%

96. Can an annuitant change the type of annuity after retirement?

NO, except as noted in the answer to Question No. 81.

VII. COMPUTATION OF ANNUITIES

97. How is the amount of a participant's annuity determined?

The annuity of a participant shall be equal to 2% of the average of his highest basic salary for three consecutive years of service, multiplied by the number of years of service, not exceeding 35 to his/her credit.

98. Is there a minimum annuity payable under the system?

YES. The monthly rate of annuity shall be not less than the smallest primary amount, including any cost-of-living increase added to that amount, authorized to be paid under Title II of the Social Security Act.

99. May credit be included for unused sick leave in determining a participant's annuity?

YES. A participant's unused sick leave may be included in computing the annuity. It may be included without regard to the limitation that an annuity may not exceed 70% of the "high three" average salary. Unused sick leave will not be included in determining average salary or eligibility for retirement.

100. Who is entitled to have sick leave credited?

Only persons who retire on an immediate annuity or who die in service leaving a survivor or survivors are entitled to have their unused sick leave credited. In converting unused sick leave to service credit, eight hours of sick leave equal one day of service credit, 1,040 hours equal six months, and 2,080 hours equal one year.

101. How is a participant's length of service figured?

All periods of creditable service are added together. Unused sick leave is then added. The odd days (less than a month) in the total are dropped and the time, in years and months, remaining is the length of service used for computing the annuity.

102. Is there any limitation to the length of service which may be credited?

YES. Only 35 years of creditable service may be counted in the computation of annuity. Unused sick leave may be added to the total of creditable service even though it results in a service factor in excess of 35 years.

103. How is a participant's average salary for the highest three consecutive years figured?

The high-three salary is obtained by averaging the rates of basic salary in effect during the highest-salaried three consecutive years of service, with each rate weighted by the time it was in effect.

104. Upon what basis is a disability annuity computed?

The same as described in Question No. 97. If, however, the participant is under age 60 and has less than 20 years of service credit at the time of retirement, the annuity is computed on the assumption that the participant has had 20 years of creditable service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between the age at the time of retirement and age 60. This is called the "guaranteed minimum" for disability annuity.

105. Are annuities adjusted after retirement to include cost-of-living increases?

YES. On each March 1 and September 1, a semi-annual cost-of-living adjustment is made in annuities, if there has been an increase in the Consumer Price Index (CPI) during the appropriate period. These adjustments are payable in the checks received by annuitants in April and October of each year. The March increase is determined by the percentage change in the CPI for December of the preceding year over the CPI for June of the preceding year. The September increase is determined by the percentage change in the CPI for June over the CPI for December of the preceding year.

VIII. RE-EMPLOYMENT OF ANNUITANTS

106. May an annuitant be employed outside the Federal Government?

YES.

107. May an annuitant be re-employed in the Federal Government?

YES. An annuitant may be re-employed in any position for which qualified. If during re-employment he/she is covered by the Civil Service Retirement System, he/she will make contributions to that system during the period of re-employment unless the type of appointment is excluded from coverage. (Re-employment in the Federal Government in this sense should not be confused with "Recall, Reinstatement or Reappointment" in CIA.)

108. What effect does re-employment elsewhere in the Federal Government have on an annuity from the System?

A re-employed annuitant is entitled to receive the annuity payable under the System, but there is deducted from his/her salary a sum equal to the annuity allocable to the period of actual employment. By law, effective 1 October 1976, such sum is to be deposited in the Treasury of the United States to the credit of the CIARDS Fund.

109. May an annuitant qualify for a Civil Service annuity as the result of re-employment in a position under the Civil Service System?

An annuitant so re-employed could qualify for an annuity from the CSRS in either of two situations:

(a) If he/she works for *at least* one year under the CSRS but less than 5 years he/she may qualify for a CSRS annuity *if* the annuity payable by CIARDS is waived so as to credit all previous creditable Federal service toward the CSRS annuity. If he/she works for more than one year but less than five years and chooses *not* to waive the annuity payable by CIARDS, the only entitlement under CSRS will be to withdraw the contributions to the CSRS Fund.

(b) If he/she works for *five years or more* under CSRS, he/she may either (1) qualify for a separate annuity (in addition to the annuity payable by CIARDS) from CSRS, or (2) he/she may waive the annuity payable by CIARDS and have all the Federal service used in computing the CIARDS annuity combined with the years spent re-employed under the CSRS in computing an annuity under the CSRS.

In either of these two situations (a or b), it would be necessary to meet the age and service requirements for retirement under the CSRS. Furthermore, and this is very important, the option to waive the annuity payable by the CIARDS and credit all previous service toward a CSRS annuity can be made only at the time of separation from the Federal position which is covered under the CSRS. The election to waive the annuity payable by CIARDS is a personal right which only the annuitant can exercise. As already stated, that right may be exercised only upon separation from employment under the CSRS. If he/she should die in such employment before the exercise of that right, no survivor may make that election; in such case, service under CIARDS could not be credited toward CSRS retirement. Obviously, an annuitant under CIARDS who is in a position in which the question of waiving the annuity payable under CIARDS becomes a factor, will want to explore the advantages and disadvantages of such a decision. He/she should feel free to discuss the situation with the personnel or administrative officer of the department or agency where he/she is employed. The Agency's Retirement Affairs Division will also be glad to respond to any queries.

110. What responsibility does an annuitant have if he/she is re-employed elsewhere in the Federal Government?

The annuitant must inform the agency or department in which re-employed of his/her annuitant status under the System.

111. What responsibility does the re-employing department or agency have?

The re-employing department or agency is required to confirm with the Agency the amount of annuity being paid to the annuitant. Furthermore, effective October 1, 1976, the sums deducted from the re-employed annuitant's salary shall be deposited in the Treasury of the United States to the credit of the CIARDS Fund. (See Question No. 108.)

112. What happens to the annuity of an annuitant who is reinstated, recalled, or reappointed to service with the Agency?

The annuity will cease, and he/she will receive the full salary of the grade in which he/she is serving. The annuity of such employee is terminated the day preceding recall, reinstatement, or reappointment.

113. Is the annuity computed anew when the annuitant is subsequently separated from the Agency?

YES.

114. Does a recalled annuitant have the right to a new election regarding survivorship benefits when he/she again retires?

YES.

IX. DEATH BENEFITS

115. What kinds of death benefits are payable under the System?

There are two kinds: (1) A survivor annuity benefit which begins on the day following the death of the annuitant or participant and which is payable in monthly installments; and (2) a lump-sum benefit, which is paid only once.

116. To whom is a survivor annuity payable?

Under certain conditions, a survivor annuity may be payable to the spouse and dependent children of a deceased participant or a deceased annuitant. It may also be payable to a person having an insurable interest who was designated as the beneficiary by the annuitant upon retirement.

117. Under what conditions is the spouse of a deceased annuitant eligible for a survivor annuity?

If the spouse was married to the annuitant when the annuitant retired and the annuitant elected to provide a survivor annuity, the spouse is eligible. If the spouse was acquired after retirement and the annuitant has elected to provide a survivor annuity, the spouse is eligible provided the marriage has been in effect for at least one year or the spouse is the parent of a child born of marriage to the annuitant.

118. Under what conditions is the spouse of a participant who dies in service (i.e. not retired) eligible for a survivor annuity?

The spouse must have been married to such participant for at least one year immediately preceding death or, if married less than one year, be the parent of a child born of marriage to the participant.

119. How is the annuity for the surviving spouse computed upon the death of a participant who dies in service?

The survivor annuity is normally 55% of the participant's earned annuity; however, the spouse of a deceased participant who dies in service is entitled to a *guaranteed minimum* yearly annuity which is 55% of the lesser of:

- (1) 40% of the deceased participant's "high three" average salary; or,
- (2) The regular annuity obtained after increasing the deceased participant's service by the period of time between the date of death and the date the participant would have attained age 60.

120. Under what conditions is the child of a participant who dies in service or of an annuitant who dies eligible for a survivor annuity?

Normally, the child must be unmarried and under age 18. A child who is over 18 may be eligible if he/she is incapable of self-support because of physical or mental disability which began before age 18. An unmarried child between 18 and 22 years of age may be eligible if he/she is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, university, or comparable recognized educational institution.

121. Is an adopted child eligible for a survivor annuity?

Any legally adopted child and any child who lived with and for whom a petition for adoption was filed by a participant and who is adopted by the surviving spouse after the participant's death, is eligible for a survivor annuity if the conditions of Question No. 120 are met.

122. May a stepchild be eligible for a survivor annuity?

YES, if the stepchild meets the conditions stated in Question No. 120. In addition, the child must have been living with the participant or annuitant in a child-parent relationship.

123. May an illegitimate child be eligible for survivor annuity?

YES, if such illegitimate natural child was recognized by the participant or annuitant and was living with the participant in a child-parent relationship.

124. Is a child survivor annuity payable in addition to the surviving spouse's annuity?

YES. For example, if a participant or annuitant who dies is survived by a spouse and three children all of whom are eligible to receive survivor annuities, annuity benefits would be paid to all four survivors.

125. If a surviving spouse dies, will the children's annuities be increased?

YES.

126. If the annuity of one child is stopped for any reason, what happens to the annuities of any remaining children?

The annuities of the other children are recomputed as though the one child had never been eligible.

127. When a child's annuity is stopped, is the surviving spouse's annuity (if any) affected?

NO.

It begins on the day after the death of the participant or annuitant.

129. How long will the surviving spouse continue to receive a survivor annuity?

The surviving spouse receives an annuity until death or remarriage before age 60. In the case of remarriage at or after age 60, the annuity continues. The annuity of a surviving spouse terminated as a result of remarriage which occurred prior to age 60 shall be restored at the same rate commencing on the day the remarriage is dissolved by death, annulment, or divorce, if (1) the surviving spouse elects to receive this annuity instead of any survivor benefit to which he or she may be entitled, by reason of the remarriage, under this or another retirement system for Government employees, and (2) any lump sum which was paid on termination of the annuity is returned.

130. When does the survivor annuity of a child begin and when is it terminated?

The annuity begins on the day after the participant or annuitant dies and is terminated at the end of the month preceding the month when the child dies, marries, or attains the age of 18 years, except that if the child is incapable of self-support by reason of mental or physical disability, the annuity is terminated only when such child dies, marries, or recovers from such disability. In addition, a child's annuity will continue between the age of 18 and 22 years while the child is a student regularly pursuing a full-time course of study or training in residence in a high school, college or comparable, recognized educational institution.

131. Under what conditions is a lump-sum payment payable after the death of a participant or an annuitant?

A lump-sum payment is payable if an annuitant (1) leaves no survivor eligible for a survivor annuity or (2) did not elect a survivor benefit and leaves no children eligible for benefits, and dies before having received annuity payments that equal his/her contributions to the Fund, plus accrued interest, if any. The remainder is payable in a lump-sum to the designated beneficiary or in accordance with the Order of Precedence. (See Question No. 133.)

132. May a lump-sum benefit be paid if the participant leaves a spouse or children who are eligible for a survivor annuity?

No lump-sum benefit may be paid while the surviving spouse or children are eligible for a survivor annuity. If, when the annuities of all survivors have ended they have received in annuities an amount which totals less than the participant's contributions to the Fund, plus any accrued interest, the difference is payable as a lump-sum benefit.

The participant may designate a beneficiary, in writing, to the Director of Personnel. If a valid claim to lump-sum payment is established, it would be paid in the following order:

- (1) To the beneficiary or beneficiaries designated by the participant in a signed and witnessed writing received by the Agency before the participant's death. For this purpose a designation, change or cancellation of beneficiary in a will or other document not so executed and filed shall have no force or effect;
- (2) To the surviving wife or husband of the participant;
- (3) If neither of the above, to the child or children of the participant and descendants of deceased children by representation;
- (4) If none of the above, to the parents of the participant or the survivor of them;
- (5) If none of the above, to the duly appointed executor or administrator of the estate of the participant; or
- (6) If none of the above, to other next of kin of the participant as may be determined by the Director of Personnel.

134. Of what does the lump-sum payment consist?

It consists of the amount paid into the Fund, plus any accrued interest, less any annuity that has been paid out of the total amount.

X. REFUNDS

135. What is meant by "refund"?

A refund is the return to a former participant of his/her contributions to the Fund.

136. Under what conditions is a refund payable?

When a participant is separated from service for reasons other than retirement he/she may request a refund of his/her contributions to the Fund.

137. How is application for refund made?

Application must be made in writing to the Director of Personnel.

138. May a participant who separates from the Agency and takes a refund of retirement contributions later re-deposit the refund to receive a deferred annuity at age 62?

NO. Payment of a refund cancels the right to a deferred annuity. If, however, the person later re-enters Agency service and again becomes a participant, he/she may re-deposit the amount previously refunded plus interest, in order to have the period of service covered by the refund credited toward the computation of his/her annuity.

139. Of what does a refund consist?

It consists of contributions to the Fund via deductions from the participant's salary, and deposits or re-deposits made, and any interest accrued on such sums.

140. Are the contributions made by the Agency to the Fund included in the refund to an individual?

NO. The Agency's contributions are to the Fund in general and are not credited to any individual employee.

141. May a participant who is prohibited from receiving any annuity under the provision of 5 U.S.C. 8311, et seq., be paid a refund?

YES. (See Questions No. 156 and 158.)

XI. MISCELLANEOUS

- 142. Is there a time limit within which application for benefits from the System based on the service of a participant must be made?**

YES. Application must be received by the Director before the 115th anniversary of the participant's birth. Notwithstanding the above, after the death of a participant or annuitant, no benefit shall be paid from the Fund unless an application therefor is received by the Director within 30 years after the death or other event which gives rise to title to the benefit.

- 143. How are benefits paid?**

Payment of all benefits (annuity, refund and lump-sum payments) will normally be by U.S. Treasury check.

- 144. May annuity checks be negotiated under power of attorney?**

YES, if the power of attorney is given to a bank or trust company. Banks usually have the necessary forms and are familiar with the instructions which are issued by the Treasury Department concerning a power of attorney.

- 145. Can annuity, refund, or lump-sum payments be attached in order to settle a judgment or other indebtedness?**

YES, under certain conditions involving garnishment and similar proceedings for enforcement of child support and alimony obligations.

- 146. May annuities be invaded to pay off indebtedness to the United States?**

YES. Amounts payable as annuity, refund, or lump-sum payments may be used to satisfy a claim which the Government may have against the individual.

- 147. May a participant make allotments or assignments payable from the annuity?**

YES, but these are limited to such purposes as the Director considers appropriate.

- 148. May a participant assign his/her retirement contributions as security for a loan or other purposes?**

NO.

- 149. May a participant borrow from the Retirement Fund?**

NO.

150. Are annuity payments subject to Federal income tax?

YES, under rules set forth and administered by the Internal Revenue Service.

151. May an annuitant have Federal income tax withheld from annuity payments?

YES. The tax may be withheld upon the request of the annuitant. This is entirely voluntary, and the annuitant may prefer to file quarterly tax returns instead of electing to have withholding made.

152. How may an annuitant arrange for Federal income tax deductions to be withheld?

The annuitant should submit a Form W-4P, Annuitant's Request for Federal Income Tax Withholding, to the Retirement Affairs Division at the time he/she wishes such withholdings to begin. This form must specify the amount to be withheld.

153. Are annuity payments subject to State income tax?

Law regarding income taxes on Federal annuities vary from state to state. An annuitant should review the laws of the state in which he/she intends to reside as an annuitant. Sums cannot be withheld for State income tax purposes.

154. May an individual receive an annuity from the System and an annuity from another Federal retirement system at the same time?

YES, if the individual has qualified for benefits under both systems.

155. If an annuitant serves on a jury, will the annuity be affected?

NO.

156. Under what conditions may a participant, otherwise eligible for an annuity, be denied an annuity?

5 U.S.C. 8311, *et seq.*, prohibits payment of annuity to persons who have committed certain Federal offenses or acts, or who remain outside the United States for more than one year to avoid prosecution. (See Question No. 141.)

157. Are the survivors of such a participant disqualified from receiving an annuity?

YES.

158. Under what other conditions may a participant who is eligible to receive a deferred annuity be denied such annuity?

The participant may be denied such annuity if he/she is separated for cause and if the separation is determined to be based in whole or in part on grounds of disloyalty to the United States.

YES, if the annuitant has qualified for both benefits.

160. May an annuitant retain regular Federal Employees Group Life Insurance (FEGLI) after retirement?

The annuitant may retain the regular life insurance (not accidental death and dismemberment) free if:

(a) The annuitant had the FEGLI at the time of retirement and retired on an immediate annuity; and,

(b) The annuitant's retirement is for disability or after at least 12 years of creditable service.

161. May a participant retain the optional increment of FEGLI after retirement?

A retiring participant may retain the optional life insurance (not accidental death and dismemberment) if he/she is eligible to continue the regular life insurance and if, in addition, he/she had the optional insurance in force for not less than:

(a) The full period or periods of service during which optional insurance was available to him/her; or,

(b) The 12 years of service immediately preceding retirement. The full cost of the optional insurance is withheld from the annuity until the first of the month following the annuitant's 65th birthday. Thereafter, there is no further cost to the annuitant.

162. Does the full amount of FEGLI stay in force after retirement?

The full amount remains in force until age 65 at which time it is reduced by 2% each month. These reductions (for both regular and optional FEGLI) continue until the amount of insurance reaches 25% of the amount in force at the time of retirement, after which point there is no further reduction.

163. May an annuitant retain health benefits coverage (hospitalization insurance) after retirement?

YES, provided the annuitant:

(a) Retires on an immediate annuity after 12 years or more of service or under the provisions for disability retirement; and,

(b) Was enrolled in a plan under the health benefits program from the date of his/her first opportunity or for the five years of service immediately preceding retirement.

Monthly premiums for hospitalization insurance are deducted from the annuity.

164. If an annuitant dies, may his/her survivors continue the health benefits coverage?
YES, if the deceased was enrolled for self and family at the time of death and had provided for a survivor annuity. If no provision was made for a survivor annuity the surviving spouse cannot be covered by a hospitalization insurance plan.

165. If a participant dies while in an employed status, may his/her survivor(s) continue the health benefits coverage?

YES. If the deceased was enrolled for self and family at the time of death, it is assumed he/she would have provided a survivor annuity.

166. If an annuitant dies and does not provide a survivor annuity for his/her spouse may his/her survivors continue the health benefits coverage?

YES: (1) if the deceased employee was enrolled for self and family at the time of death, (2) *if at least one family member* is entitled to an annuity (i.e., child under 18 or under 22 if enrolled in school) as a survivor of the deceased employee, and (3) if the annuity of the survivor, or the combined annuities of all survivors eligible for health benefits coverage is sufficient to pay the withholdings for enrollment in a plan. In this case the spouse would have health benefits coverage *only* until the last child is no longer eligible for a survivor annuity.

167. May an annuitant under the System have "payroll deductions" from the annuity?

YES, for five purposes:

(a) To pay the monthly premium for hospitalization insurance. This is an automatic deduction from annuity if applicable.

(b) For payments or deposits to the Credit Union. This is a voluntary deduction from annuity.

(c) To have Federal income tax withheld on a "pay-as you-go" basis. This is a voluntary withholding.

(d) To pay monthly premiums for United Benefit Life Insurance (UBLIC) policies. This is a voluntary deduction and applies only to annuitants under age 60.

(e) For payment of the premiums for optional \$10,000.00 FEGLI insurance. This is an automatic deduction from annuity; if applicable, it will continue to age 65.

168. How may a participant obtain information to questions pertaining to his/her own particular situation?

The participant should contact his/her component Personnel Officer initially for general information and should contact the Retirement Affairs Division for more detailed and specific information. Communications may be addressed to Chief, Retirement Affairs Division.

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